



1984 Annual Report

The Company

Majestic is one of North America's leading dryland cross country pipeline contractors. Originally formed in 1954, the company through amalgamation, was listed on the Toronto Stock Exchange in May, 1974. The company has been involved in all major pipeline systems in Canada, several in the United States, and has developed valuable expertise in arctic construction in both Canada and Alaska. The corporation has also completed projects in India, Malaysia and the Middle East.

The company owns a large fleet of well-maintained pipeline construction equipment. Our resources are particularly suited to big inch pipe from 508 mm to 1067 mm diameter and larger.

In 1982, the company acquired 51% of a new high-tech company called Majestic Laser Systems Ltd. This company has a mandate to undertake research and development projects within the general field of laser materials processing using high-powered lasers.

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Cover

Installing 406.4 mm concrete-coated pipe across the Metabetchouane River in Quebec.

Annual and General Meeting

All shareholders are invited to attend the Annual and General Meeting of Shareholders to be held on May 9, 1985 at 10:00 a.m. (local time) in the **Rowand Suite of the Four Seasons Hotel, Edmonton, Alberta, Canada.**

Financial Highlights

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	1984	1983
Operations		
Revenue	\$59,403,000	\$28,928,000
Net loss	(1,093,000)	(2,741,000)
as a % of revenue	(1.8%)	(9.5%)
Funds provided by operations	2,041,000	677,000
Financial Position		
Cash and term deposits	\$17,560,000	\$20,210,000
Working capital	15,364,000	22,456,000
Current ratio	3.1:1	4.8:1
Property and equipment — net	10,233,000	12,294,000
Total assets	39,130,000	43,544,000
Shareholders' equity	26,177,000	31,984,000
Per Common Share		
Net loss	\$ (.13)	\$ (.33)
Dividends	.50	—
Funds provided by current operations	.24	.08
Shareholders' equity	3.17	3.81
Market Price Range Per Share		
Quarter ended:		
March 31	\$4.40 - 3.30	\$4.75 - 3.80
June 30	3.70 - 3.20	4.75 - 3.80
Sept. 30	3.50 - 2.60	5.75 - 4.30
Dec. 31	3.50 - 3.20	4.65 - 3.25





J.M. Bankes

A.J. Cressey

Report to shareholders

This year marks the company's thirtieth year in business. During this period Majestic has developed into one of North America's premier big-inch pipeline contractors. Currently our emphasis has shifted to the international market, where we expect to become a major participant in 1985.

Revenues were \$59,403,000 for the year ended December 31, 1984, compared with \$28,928,000 the previous year. The net loss was \$(1,093,000) or \$(0.13) per share, compared with a net loss of \$(2,741,000) or \$(0.33) per share in 1983. Cash flow from operations was \$2,041,000, compared with \$677,000 in the previous year. The loss sustained in 1984 was primarily attributable to high start-up costs incurred by our 49%-owned Saudi company and a significant loss sustained on a project in Quebec.

On August 29, 1984, the company announced its intention to purchase up to 421,277 shares (5%) of its common stock through the facilities of the Toronto Stock Exchange. Majestic believes that at the current market price range, the common shares represent a worthwhile investment and an appropriate use of company funds. As at December 31, 1984, the company has purchased for cancellation, 169,500 common shares at prices ranging from \$3.20 to \$3.35.

On December 19, 1984, the Board of Directors declared a cash dividend of twenty-five cents per share, payable on the thirty-

first day of January, 1985 to shareholders at the close of business on the eighteenth day of January, 1985.

Canadian Operations

The Canadian division has successfully completed the first season's work on the Norman Wells project in the first quarter for Interprovincial Pipeline (NW) Ltd. and has started the second phase of this project, which will be completed in March, 1985.

During the second quarter, we were awarded, in joint venture with Charles Duranceau Limitée and Legault & Touchette Inc., two projects by Gaz Inter Cité Québec Inc. for the installation of 70 km of 406.4 mm gas pipeline and 36 km of 101.6 mm to 254 mm gas pipeline. These projects were completed in October, 1984 and substantial losses were incurred. A claim has been submitted to the owner and settlement is anticipated during the first half of 1985.

We also received an award from Union Gas Limited for the construction of 17,520 metres of 1,067 mm gas pipeline in Ontario which was successfully completed in the third quarter.

Westcoast Transmission Company Limited awarded the company a contract for the replacement and relocation of various sections of 762 mm and 914 mm gas pipeline near Hope, British Columbia in the third quarter. This project was completed in December, 1984.

U.S. Operations

Our U.S. division received an award from Minnesota Pipeline Company for the construction of 79 km of 406.4 mm gas pipeline, consisting of eight loops. Profitable completion of this project occurred in September, 1984.

International Operations

Majestic International Contractors Limited received approval from the Saudi authorities in March, 1984 to incorporate a new Saudi company called Abahsain Majestic Pipeline Company Limited, with Majestic International Contractors Limited owning 49% of the issued shares. This company completed two small projects during 1984 and is presently working on a 338 km pipeline project scheduled for completion in September, 1985. Margins are

very tight at present and higher than expected start-up costs have resulted in a loss being incurred in 1984. The company submitted a tender on February 9, 1985 for construction of 1,201 km of 1,422.4 mm crude oil pipeline, which is divided into four contracts. Construction award, to the successful bidders, is scheduled for March, 1985.

The company, in joint venture with a large Indian contractor, submitted a tender on July 16, 1984 for construction of 1,700 km of 457 mm to 914.4 mm gas pipeline. Award of this project to the successful bidders is scheduled for the second quarter of 1985.

The company also profitably completed its management contract in Malaysia in the fourth quarter. The project was managed by our U.S. division.

Laser Operations

Our 51%-owned subsidiary, Majestic Laser Systems Ltd. successfully tested its laser at an output of 23 kW during 1984. Another 18-24 months of development time will be required before the unit is marketed. In order to reduce Majestic's 100% funding requirement, the company is looking at various funding alternatives to continue the project. The power output level reached to date is significant and will allow metals up to 1" thickness to be welded in a single pass at very high speeds. Majestic Contractors Limited has provided \$2.2 million of funding for this project to date, excluding government grants.

Other Operations

The company's 50/50 joint venture with Goodbrand Construction Limited completed two projects for Metro Canada Limited for the elevated guideway for the Edmonds and Kingsway sections of the Advanced Light Rail Transit System in the Greater Vancouver area.

The company, in joint venture with Perini International Corporation, will serve as facilities sub-contractor to Sperry Corporation, under that company's recently awarded \$79.7 million U.S. contract with the United States Airforce to upgrade the nation's North Warning System against bomber or cruise missile attack. Phase I of this design/construct work along the Arctic Circle in Eastern Canada calls for a 42-month program to develop two radar sites.

Outlook

We are optimistic that our concentrated efforts directed towards the international market will provide profitable new work for the company during 1985. Experience gained in the Middle East and Malaysia during 1984 will help to make us more competitive on future bids. If we are successful on the India or Saudi bids, much of our surplus equipment will be profitably utilized.

In North America we are cautiously optimistic that a more normal level of activity will resume by the fourth quarter and continue during 1986. Margins will continue to be depressed during 1985.

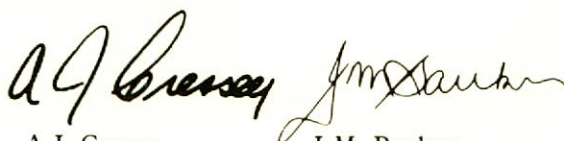
Management Changes

During the year, the Board of Directors approved several management changes to adjust our corporate structure to our current needs. The most significant promotions were:

Mr. G.M. Oswald, formerly Vice President, Canadian Operations, became Senior Vice President, Pipeline Operations; Norman A. Harrison, formerly Vice President, Finance and Treasurer, became Senior Vice President, Finance and Administration; Kenneth R. Austin, formerly Vice President, Engineering, U.S., became Vice President, U.S. Operations; Leo G. Ziehr, formerly General Superintendent, became Vice President, Canada; and Michael J. Finlayson, formerly Manager of Construction, became Vice President, Special Projects.

The Directors wish to thank our dedicated staff for their extra efforts during a difficult year.

February 21, 1985



A.J. Cressey
President and
Chief Executive Officer

J.M. Bankes
Chairman of the Board

Canadian Projects

Poor boy pipe gang in operation on the Norman Wells project.

Top right Air Track preparing the R.O.W. in Quebec.

Bottom right Installing 1067 mm concrete coated pipe using the push method.

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International Projects

A section of 914.4 mm gas pipeline in Malaysia in a mountainous area waiting to be lowered into the ditch.

Top inset Lower-in crew installing 50.8 & 223.4 mm butane and ethane lines in Malaysia.

Bottom inset Installing pipeline in one of the many swamp areas on the Petronas project in Malaysia.



Top Pipe gang and back-end welders on the 254 mm section of the Gassim project in Saudi Arabia.

Bottom Survey unit (Desert Fox) used by the survey crew staking the R.O.W. limits in Saudi Arabia.

Inset Typical D-8 dozer preparing R.O.W. for 660.4 mm oil pipeline in Gassim area.



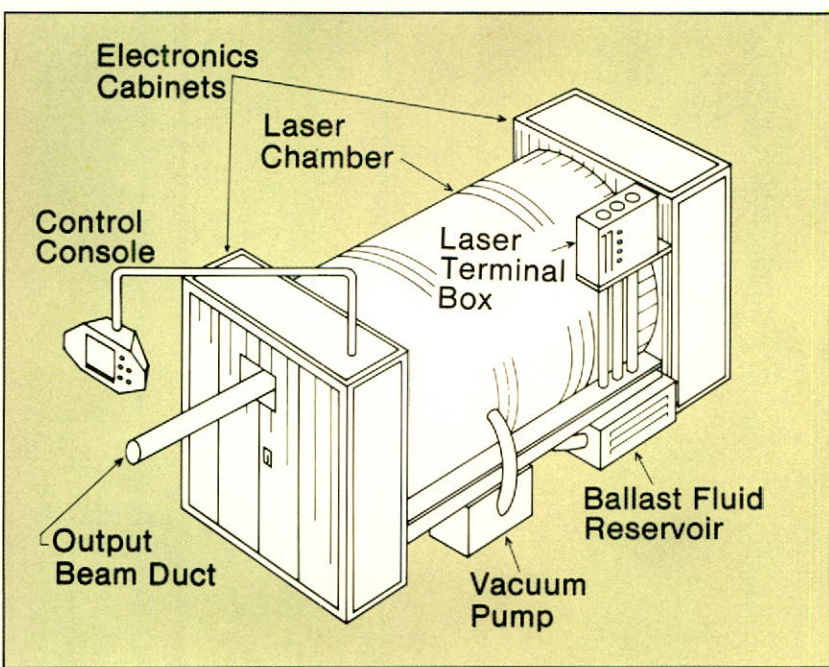
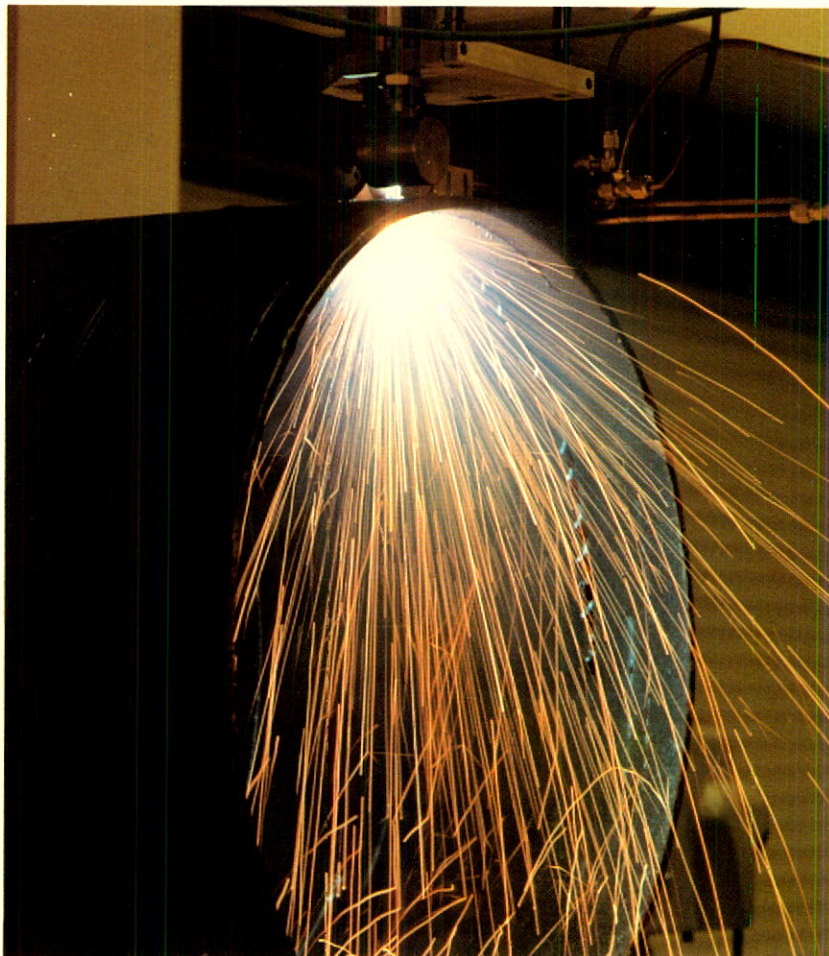
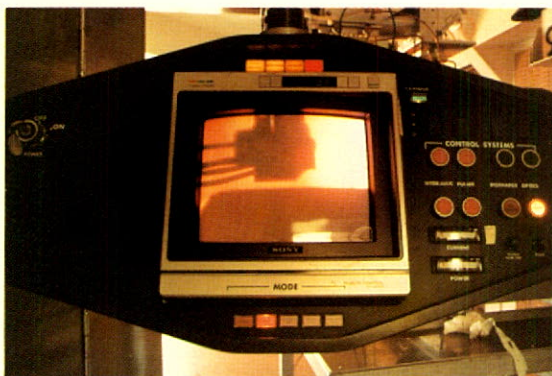
Majestic Laser Systems Limited

Top left Close-up of the operator's control console.

Bottom left Unfocussed 22kW beam melting through a fire brick. Below the beam is a typical burn pattern formed after a few seconds of exposure.

Top right Welding of steel pipe with a P.I.E. laser.

Bottom right Overall view of the laser.



United States Projects

Top Pipe gang on 406.4 mm gas pipeline project in Minnesota.

Bottom left Split casing crew adding casing to an existing pipeline in Minnesota.

Bottom right Boring railroad crossing for 406.4 mm gas pipeline in Minnesota.



ALRT Vancouver and North Warning System

Top left Selecting site location in the high arctic for installation of the new North Warning Radar System.

Bottom left Crew pouring slab-on-grade section on the ALRT project in Vancouver.

Right Aerial view of completed ALRT project in Vancouver.



Auditor's Report

To the Shareholders of
Majestic Contractors Limited:

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We have examined the consolidated balance sheets of Majestic Contractors Limited (an Ontario corporation) and subsidiaries as of December 31, 1984 and 1983, and the related consolidated statements of loss, retained earnings and changes in financial position for the years then ended. Our examinations were made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, the accompanying consolidated financial statements present fairly the financial position of the company and subsidiaries as of December 31, 1984 and 1983, and the results of their operations and the changes in their financial position for the years then ended in accordance with generally accepted accounting principles applied on a consistent basis.

February 1, 1985.
Calgary, Alberta

Arthur Andersen & Co.
CHARTERED ACCOUNTANTS

Summary of Accounting Policies

December 31, 1984 and 1983

Accounting Principles

The consolidated financial statements are prepared in accordance with accounting principles generally accepted in Canada and, therefore, conform in all material respects with the standards of the International Accounting Standards Committee.

Principles of Consolidation

The financial statements are expressed in Canadian dollars and include the accounts of the Company, its 100% owned subsidiary, Majestic International Contractors Limited, its 51% owned subsidiary, Majestic Laser Systems Ltd. and its pro rata share, utilizing the proportionate consolidation method, of the assets, liabilities, revenues and expenses of joint ventures. Details for joint ventures have not been provided as the amounts are not material. All significant intercompany transactions and balances have been eliminated in consolidation.

Majestic International Contractors Limited owns 49% of Abahsain Majestic Pipeline Company Limited, a Saudi Arabian company. In the consolidated financial statements this investment is accounted for on the equity method, with the Company's share of revenues (\$2,024,000) and costs (\$3,916,000) included in "Revenues" and "Cost of operations", respectively, in the consolidated statements of loss.

Translation of Foreign Currencies

The U.S. division is an integrated foreign operation. The U.S. Division accounts stated in foreign currencies have been translated into Canadian dollars as follows:

- a) as to current assets (except for prepaid expenses) and current liabilities (except for deferred contract revenue) at the exchange rate at the balance sheet date;
- b) as to all other assets, liabilities and non-current deferred income taxes, at the approximate rate of exchange at the time the transaction occurred; and
- c) as to revenues and expenses, at the average rate of exchange for the year, except for items relating to balance sheet accounts that are translated at historical exchange rates.

All translation gains and losses related to the U.S. Division are included in the statement of loss in accordance with generally accepted accounting principles applicable in Canada.

Majestic International Contractors Limited is a self-sustaining foreign operation. The accounts of this subsidiary stated in foreign currencies have been translated into Canadian dollars as follows:

- a) Assets and liabilities at the rate of exchange in effect at the balance sheet date.
- b) Revenue and expense items at the rate of exchange in effect on the dates on which such items are recognized in income during the period.

The resulting translation adjustments are deferred and shown as a separate component of shareholders' equity.

Accounting for Construction Contracts

Profits from construction contracts are recognized for accounting purposes on the percentage of completion method. The percentage of completion is determined by relating the actual cost of work performed to date, to the current estimated total cost of the respective contracts. When the current estimated costs to complete indicate a loss, such a loss is recognized immediately for accounting purposes. Revisions in costs and earnings or loss estimates during the course of the work are reflected during the accounting period in which the facts which cause the revision become known. Income from claims is recorded in the year such claims are resolved.

Unbilled work represents the excess of contract costs and profits or losses recognized to date, on the percentage of completion accounting method, over billings to date. Deferred contract revenue represents the excess of billings to date over the amount of contract costs and profits or losses recognized to date, on the percentage of completion accounting method.

Property and Equipment

All property and equipment is recorded at cost. The cost and the accumulated depreciation of property and equipment which is retired or sold are removed from the accounts and the gain or

loss is recorded in the Consolidated Statement of Loss.

Depreciation is provided primarily on the declining balance method over the useful lives of the assets which are estimated to be 10 to 25 years for buildings, 3 to 10 years for construction equipment and 10 years for other assets.

Income Taxes

The recovery of income taxes recognizes the tax effects of all income and expense transactions included in each year's financial statements regardless of the year the transactions are reported for tax purposes.

Investment tax credits relating to the scientific research investment contract were applied to reduce income taxes payable in the year in which it was purchased.

Deferred income taxes arising from items in current assets or current liabilities are classified as a current liability.

The non-current deferred income taxes arise primarily from the difference between the depreciation claimed for tax purposes and the depreciation recorded in the accounts, as well as from the scientific research investment contract.

Loss per Share

Computations of loss per share are based on the weighted average number of shares outstanding during the respective years (1984 - 8,397,391 shares; 1983 - 8,392,657 shares). The additional number of shares issuable upon the potential exercise of employees' stock options has not been included since the effect would not be material.

Pension and Incentive Compensation Plans

The Company has two non-contributory pension plans which cover its executive, professional, administrative and clerical employees, subject to certain specified service requirements. An actuarial valuation is prepared every three years. The actuarial valuations as at December 31, 1982 for the Canadian plan and December 31, 1983 for the United States plan indicate that there is no unfunded liability in either plan.

The Company has an incentive compensation plan which provides for payment to be made

to certain key employees based on performance goals. Amounts accrued under this plan are charged to income in the current year and are payable over a period of years, subject to approval of the Board of Directors. The amount not currently payable is immaterial.

Scientific Research Investment Contract

In 1982, the Company purchased a scientific research investment contract. This investment qualifies as a research and development expense for income tax purposes. Under the Income Tax Act, there is a permanent tax saving which has been applied to reduce the cost of the investment in the financial statements.

The contract entitles the Company to guaranteed semi-annual royalty payments from 1983 to 1986. The cost of the investment and the related income taxes are being amortized over the life of the guaranteed royalty payments.

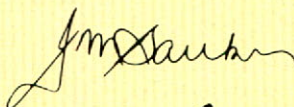
Research and Development Costs

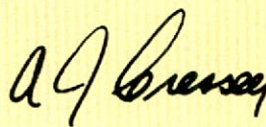
Research and development costs, net of any related grants from government incentive programs, are charged against income during the year.

Consolidated Balance Sheets

	As At December 31	
	1984	1983
Assets		
Current assets:		
Cash and term deposits	\$17,560,000	\$20,210,000
Accounts receivable	2,676,000	2,635,000
Holdbacks receivable	2,058,000	1,858,000
Unbilled work	—	776,000
Income taxes recoverable	111,000	2,558,000
Prepaid and other	319,000	368,000
Total current assets	<u>22,724,000</u>	<u>28,405,000</u>
Note receivable	—	220,000
Equity investment	<u>4,423,000</u>	<u>—</u>
Property and equipment:		
Land	118,000	118,000
Buildings	2,512,000	2,511,000
Construction equipment	34,853,000	34,999,000
Other	919,000	907,000
	<u>38,402,000</u>	<u>38,535,000</u>
Less accumulated depreciation	<u>28,169,000</u>	<u>26,241,000</u>
Net property and equipment	<u>10,233,000</u>	<u>12,294,000</u>
Scientific research investment contract	<u>1,750,000</u>	<u>2,625,000</u>
	<u>\$39,130,000</u>	<u>\$43,544,000</u>

Approved by the Board:

 Director

 Director

	As At December 31	
	1984	1983
Liabilities and Shareholders' Equity		
Current liabilities:		
Accounts payable	\$ 2,325,000	\$ 3,092,000
Accrued liabilities	2,371,000	2,257,000
Dividends payable	2,064,000	—
Income taxes — deferred	<u>600,000</u>	<u>600,000</u>
Total current liabilities	<u>7,360,000</u>	<u>5,949,000</u>
Deferred income taxes	<u>5,593,000</u>	<u>5,611,000</u>
Shareholders' equity: (Note 1)		
Capital stock		
Authorized — 20,000,000 shares		
without nominal or par value;		
issued and fully paid —		
8,256,054 shares (1983 —		
8,404,335 shares)	8,116,000	8,218,000
Contributed surplus	3,020,000	3,082,000
Retained earnings	15,079,000	20,684,000
Accumulated translation loss	<u>(38,000)</u>	<u>—</u>
Total shareholders' equity	<u>26,177,000</u>	<u>31,984,000</u>
	<u>\$39,130,000</u>	<u>\$43,544,000</u>

The accompanying summary of accounting policies and notes are an integral part of these consolidated financial statements.

Consolidated Statements of Loss

	Year Ended December 31	
	1984	1983
Revenues	<u>\$59,403,000</u>	<u>\$28,928,000</u>
Operating expenses:		
Cost of operations (Note 2)	61,554,000	33,547,000
General and administrative expenses	<u>3,183,000</u>	<u>4,346,000</u>
Total operating expenses	<u>64,737,000</u>	<u>37,893,000</u>
Loss before other income	(5,334,000)	(8,965,000)
Other income, net (Note 3)	<u>3,184,000</u>	<u>2,569,000</u>
Loss before recovery of income taxes	(2,150,000)	(6,396,000)
Recovery of income taxes (Note 4)	<u>(1,057,000)</u>	<u>(3,655,000)</u>
Net loss	<u><u>\$(1,093,000)</u></u>	<u><u>\$(2,741,000)</u></u>
Loss per share	<u><u>\$ (0.13)</u></u>	<u><u>\$ (0.33)</u></u>

The accompanying summary of accounting policies and notes are an integral part of these consolidated financial statements.

Consolidated Statements of Retained Earnings

	Year Ended December 31	
	1984	1983
Balance, beginning of year	\$20,684,000	\$23,425,000
Net loss	(1,093,000)	(2,741,000)
Share repurchases (Note 1)	(341,000)	—
Dividends	<u>(4,171,000)</u>	<u>—</u>
Balance, end of year	<u><u>\$15,079,000</u></u>	<u><u>\$20,684,000</u></u>

The accompanying summary of accounting policies and notes are an integral part of these consolidated financial statements.

Consolidated Statements of Changes in Financial Position

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	Year Ended December 31	
	1984	1983
Sources of working capital:		
Net loss	\$(1,093,000)	\$(2,741,000)
Depreciation and amortization	3,184,000	3,889,000
Deferred income taxes	(18,000)	(375,000)
Gain on sale of equipment	(32,000)	(96,000)
Provided by operations	2,041,000	677,000
Proceeds from sale of equipment	111,000	264,000
Note receivable	220,000	109,000
Proceeds from exercise of employee stock options	65,000	81,000
Working capital provided	2,437,000	1,131,000
Uses of working capital:		
Investments	4,423,000	—
Other	38,000	—
Purchase of equipment	327,000	289,000
Repurchases of shares	570,000	—
Dividends	4,171,000	—
Working capital used	9,529,000	289,000
(Decrease) Increase in working capital	(7,092,000)	842,000
Working capital, beginning of year	22,456,000	21,614,000
Working capital, end of year	\$15,364,000	\$22,456,000

The accompanying summary of accounting policies and notes are an integral part of these consolidated financial statements.

Notes to Consolidated Financial Statements

December 31, 1984 and 1983

1. Capital Stock

In 1984 the Company purchased 169,500 shares of its own capital stock on the open market for \$570,000. These shares were subsequently cancelled and the capital stock, contributed surplus and retained earnings accounts have been reduced by \$167,000, \$62,000 and \$341,000, respectively.

Certain key employees are granted options exercisable during the period of five years from the date of granting, entitling the employee to purchase shares of the Company at a rate of 20% of the total optioned shares per year on a cumulative basis.

Options for 21,219 shares at a price of \$3.06 per share were exercised during the year. Options for 212,136 shares at prices ranging from \$3.06 to \$5.96 per share were cancelled during the year. On December 19, 1984, options for 288,571 shares at a price of \$3.40 per share were granted and were outstanding at December 31, 1984.

As at December 31, 1984, the following shares have been reserved:

For options granted	288,571
For future options	<u>33,275</u>
	<u>321,846</u>

2. Research and Development Costs

Included in cost of operations are research and development costs of \$505,000 in 1984 and \$758,000 in 1983.

3. Other income, net

	1984	1983
Income from short-term investments	\$ 1,780,000	\$ 2,298,000
Royalties from scientific research investment contract	1,407,000	1,326,000
Amortization of cost of scientific research investment contract	(1,250,000)	(1,250,000)
Foreign exchange gains	896,000	32,000
Interest expense	(91,000)	(74,000)
Other	<u>442,000</u>	<u>237,000</u>
	<u>\$ 3,184,000</u>	<u>\$ 2,569,000</u>

4. Income taxes

The recovery of income taxes is comprised of the following:

	1984	1983
Current	\$ (1,039,000)	\$ (3,423,000)
Current - deferred	—	143,000
Deferred	<u>(18,000)</u>	<u>(375,000)</u>
	<u>\$ (1,057,000)</u>	<u>\$ (3,655,000)</u>

The following schedule reconciles the effective income tax rates with the statutory income tax rates:

	1984	1983
Statutory income tax rate	(49)%	(51)%
Scientific research investment contract	(17)	(6)
Foreign tax differences	20	—
Other	(3)	—
Effective income tax rate as reflected in the accounts	<u>(49)%</u>	<u>(57)%</u>

5. Remuneration of Directors and Senior Officers

The aggregate remuneration, including that portion of the incentive compensation earned during the year, paid or payable, for the years ended December 31 is as follows:

	1984		1983	
	Amount	Number	Amount	Number
Directors who are not Senior Officers	\$ 30,000	4	\$ 24,000	4
Directors who are also Senior Officers	<u>296,000</u>	<u>2</u>	<u>285,000</u>	<u>2</u>
	326,000	6	309,000	6
Senior Officers who are not Directors	<u>673,000</u>	<u>7</u>	<u>805,000</u>	<u>9</u>
	<u>\$999,000</u>	<u>13</u>	<u>\$1,114,000</u>	<u>15</u>

6. Business Segment Information

The Company operates in one industry segment, that being construction. Its operations are conducted principally in Canada and the United States. The operations and identifiable assets by geographic region for the years ended December 31, 1984 and 1983 are as follows:

	CANADA	FOREIGN	TOTAL
1984			
Revenues	<u>\$47,911,000</u>	<u>\$11,492,000</u>	<u>\$59,403,000</u>
Operating Loss	<u>\$(2,665,000)</u>	<u>\$(2,669,000)</u>	<u>\$(5,334,000)</u>
Other income, net			3,184,000
Recovery of income taxes			<u>1,057,000</u>
Net loss			<u>\$(1,093,000)</u>
Identifiable assets	<u>\$28,333,000</u>	<u>\$10,797,000</u>	<u>\$39,130,000</u>
1983			
Revenues	<u>\$14,395,000</u>	<u>\$14,533,000</u>	<u>\$28,928,000</u>
Operating Loss	<u>\$(3,126,000)</u>	<u>\$(5,839,000)</u>	<u>\$(8,965,000)</u>
Other income, net			2,569,000
Recovery of income taxes			<u>3,655,000</u>
Net loss			<u>\$(2,741,000)</u>
Identifiable assets	<u>\$34,887,000</u>	<u>\$ 8,657,000</u>	<u>\$43,544,000</u>

7. Contingencies

Contingent liabilities include the usual liability of contractors for performance and completion of construction contracts.

Five Year Financial Review

(in thousands except per share amounts and ratios)

For the years ended December 31

	1984	1983	1982	1981	1980
Operating Results					
Revenues	\$59,403	\$28,928	\$136,420	\$158,798	\$51,646
Cost of operations	61,554	33,547	117,286	124,050	52,999
Gross profit (loss) from operations	(2,151)	(4,619)	19,134	34,748	(1,353)
General & administrative expenses	3,183	4,346	5,104	6,003	3,921
Income (loss) before other income	(5,334)	(8,965)	14,030	28,745	(5,274)
Other income, net	3,184	2,569	1,791	1,105	3,782
Income (loss) before income taxes	(2,150)	(6,396)	15,821	29,850	(1,492)
Income taxes (recovery)	(1,057)	(3,655)	7,624	15,025	(1,161)
Net income (loss)	\$(1,093)	\$(2,741)	\$ 8,197	\$ 14,825	\$ (331)
Earnings (loss) per common share	\$ (.13)	\$ (.33)	\$.98	\$ 1.77	\$ (.04)
Weighted average common shares outstanding used in per share calculations	8,397	8,393	8,378	8,360	8,307
Balance Sheet Data					
Total assets	\$39,130	\$43,544	\$ 55,258	\$ 68,518	\$34,098
Cash and marketable securities	17,560	20,210	31,908	18,774	5,197
Current assets	22,724	28,405	36,242	50,115	24,144
Current liabilities	7,360	5,949	14,628	29,337	11,667
Working capital	15,364	22,456	21,614	20,778	12,477
Current ratio	3.1 to 1	4.8 to 1	2.5 to 1	1.7 to 1	2.1 to 1
Property and equipment — net	10,233	12,294	15,187	17,757	9,764
Deferred income taxes	5,593	5,611	5,986	4,364	2,510
Shareholders' equity	26,177	31,984	34,644	34,817	19,921
Shareholders' equity per common share	3.17	3.81	4.13	4.16	2.39
Operating Statistics					
Income (loss) as a percentage of revenues	(1.8%)	(9.5%)	6.0%	9.3%	(.6%)
Income (loss) as a percentage of average shareholders' equity	(3.8%)	(8.2%)	23.6%	54.2%	(1.7%)
Income (loss) as a percentage of average capital employed	(3.2%)	(7.0%)	20.5%	48.1%	(1.5%)
Funds provided by (used in) operations	\$ 2,041	\$ 677	\$ 13,450	\$ 19,954	\$ (39)
Additions to property and equipment	327	289	1,382	12,173	3,467

Corporate Information

Board of Directors:

J.M. Bankes

Chairman of the Board of Directors,
Majestic Contractors Limited

J.B. Barber

Retired Executive,
Formerly Vice Chairman of the Board and
Senior Vice President,
The Algoma Steel Corporation Limited

G.W. Clayton

Principal,
Columbia Pacific Resources Group Ltd.

A.J. Cressey

President and Chief Executive Officer,
Majestic Contractors Limited

J.E. Maybin

Executive Director,
Petroleum Recovery Institute

D.B. Perini

Chairman of the Board,
President and Chief Executive Officer,
Perini Corporation

Officers:

J.M. Bankes

Chairman of the Board of Directors

A.J. Cressey

President and Chief Executive Officer

G.M. Oswald

Senior Vice President, Pipeline Operations

N.A. Harrison

Senior Vice President, Finance and Administration

K. Austin

Vice President, U.S. Operations

L.G. Ziehr

Vice President, Canada

J. Kolbl

Vice President, International

M.J. Finlayson

Vice President, Special Projects

A.D. Munro

Vice President, Equipment and Purchasing

L.G. Wasylynychuk

Vice President, Comptroller & Secretary

A. Ellis

Vice President, U.S. Administration

R.J. Haagsma

Assistant Comptroller

W.R. Langston

Assistant Secretary, U.S.

Transfer Agent and Registrar:

Montreal Trust Company, Calgary and Toronto

Stock Exchange Listing:

The Toronto Stock Exchange (symbol MJC)

Bankers

The Royal Bank of Canada

Auditors:

Arthur Andersen & Co., Chartered Accountants

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Telephone: 600-121/412 Ext. 2464/2465
Telex: 2567 or 4147

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